

Innovating for Education

Education Committee Lottery Study

December 31, 2014

Members of the Education Committee

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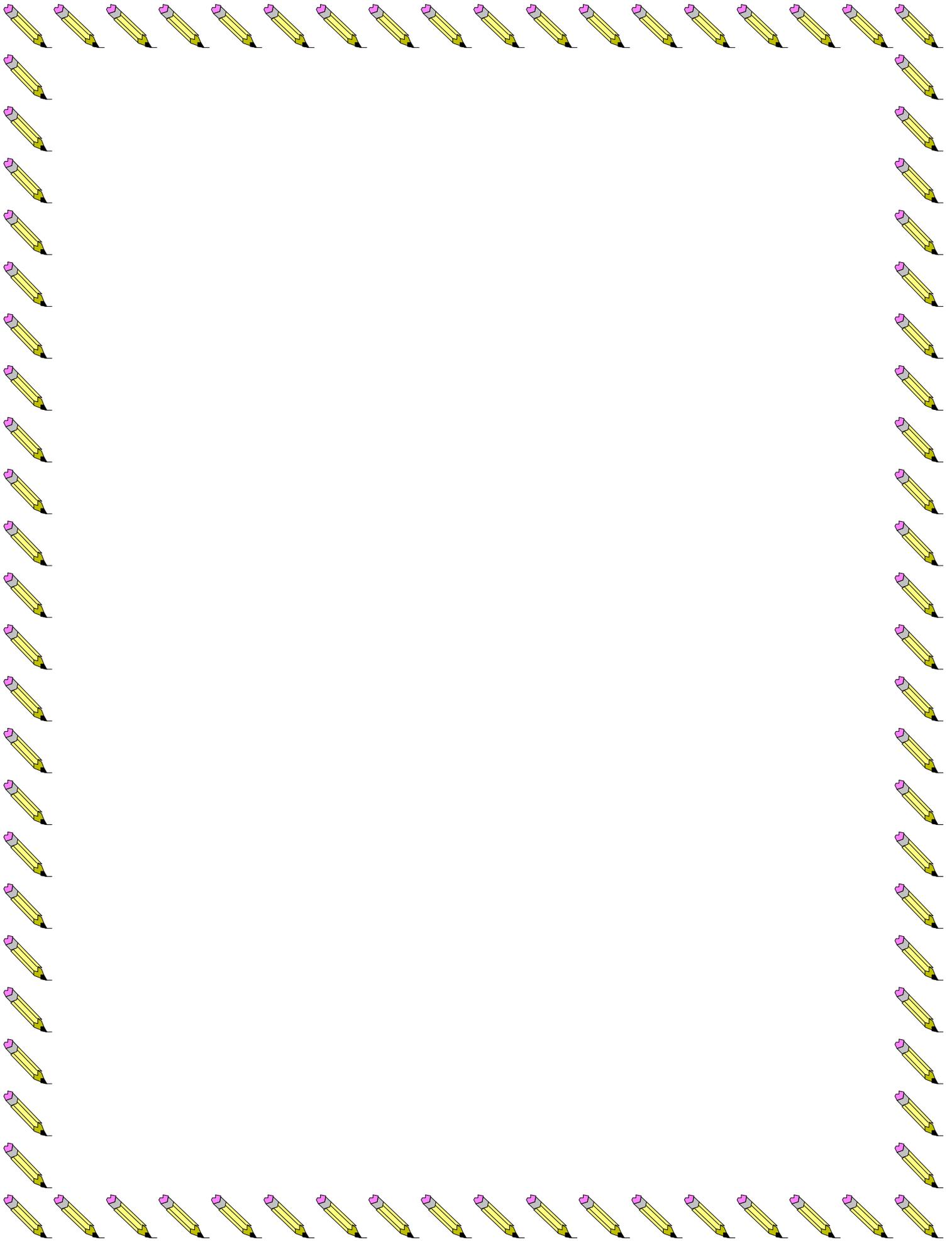


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Narrative

The Nebraska Constitution requires that 44.5% of all lottery proceeds after prizes, expenses, and an initial transfer of \$500,000 for compulsive gamblers be used for education as the Legislature may direct. All such allocations of lottery funds are currently set to expire on June 30, 2016. As directed in LB 497 (2013) the Education Committee conducted a study regarding the future use of such funds for educational purposes.

Although the Committee is interested in hearing other proposals that may be introduced during the 2015 legislative session, the Education Committee generally recommends that the Legislature:

- Fund existing lottery funded programs through the state budgeting process pursuant to the budget requests that have been submitted by the Department of Education and Coordinating Commission for Postsecondary Education;
- Allocate lottery funds to support the acquisition of skills and credentials associated with trade occupations that are experiencing shortages of qualified workers; and
- Allow the majority of lottery funds to return to their original purpose of providing grants to support innovation and research to improve education.

Members of the Education Committee drew much of the information from public hearing input and the resources listed later in this report as they considered the future use of lottery proceeds to enhance education in Nebraska. One dominant theme that guided the senators in their deliberations was the difference between lottery proceeds and general state tax receipts. Lottery proceeds are unpredictable and are voluntarily generated from a limited segment of the population without regard to many of the factors that are generally relied upon to direct tax policy. Therefore, the Committee concluded that it is the function of the state General Fund to support state responsibilities and priorities. This philosophy is evident in the recommendation for the existing ongoing programs to be funded through the regular budget process.

The original intent for lottery funds directed toward educational purposes was to allow for the incubation of innovative ideas. The current lottery funded programs are generally either specific programs that are in the process of showing results, ongoing programs that were moved away from the General Fund in response to tight budgetary circumstances, or temporary programs that have run their course.

During the 2014 interim, concurrent to the lottery study, the Education Committee conducted a strategic planning process that led to the development of a Vision for lifelong education in Nebraska. The Committee believes that allowing grants to be awarded for innovative programs that support the vision will assist the state in moving forward toward the newly established goals. The Committee supports focusing grants in a way that would have a real impact, rather than providing small amounts of funding to a large array of different programs. Projects would be required to support the Vision, have an evaluation plan, and have the potential to be both scalable and replicable.

During the strategic planning process, there were many different perspectives that focused on the need for education to recognize the great diversity in both student interests and business needs. One area that was of particular interest to the Committee was the shortage of qualified graduates in trade occupations and the financial obstacles faced by students whose interests may align with these employment areas. Therefore, the Committee is recommending that lottery funds be provided through both the State Board of Education and the Coordinating Commission for Postsecondary Education to assist students with their costs as they pursue the necessary qualifications.

The Committee proposes allocating the funds for 10 years beginning on July 1, 2016 such that the unallocated balance of the Nebraska Education Improvement Fund will be maintained at a level equal to 10% of the total available funds and the remainder of the fund would be allocated as follows:

- 40% to the State Board of Education for innovative grants
- 40% to the Coordinating Commission for innovative grants
- 10% to the State Board of Education to assist high school students with postsecondary and certification costs associated with trade occupations that are experiencing shortages of qualified workers
- 10% to the Coordinating Commission for Postsecondary Education to assist high school students with postsecondary and certification costs associated with trade occupations that are experiencing shortages of qualified workers

A sunset after 10 years would allow a future Education Committee a new opportunity to evaluate the best uses of lottery proceeds for enhancing education in Nebraska. The Education Committee plans for the Vision established during the 2014 interim to be an evolving concept. Likewise, the Committee recognizes that educational priorities and circumstances will also continue to evolve. In addition, the designation of a 10% minimum balance in the Fund will allow for future Education Committees to react to unanticipated events. The current uses of the lottery proceeds have evolved in large part as a protective response for educational priorities in light of changing economic circumstances.

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Vision

Vision: Every Nebraskan educated for success

Mission: Provide Nebraskans the opportunity to acquire the necessary skills and knowledge to be productive individuals.

Goals and Objectives:

1. Provide quality educational opportunities that engage and prepare Nebraskans for success in learning.
 - A. For at least the school year prior to kindergarten, every child will have equitable access to high-quality and developmentally appropriate preschool programs that help prepare them for school.
 - B. Children from backgrounds that put them at greater risk will have access to additional early childhood educational opportunities.
 - C. All children in grades K-12 will have equitable access to high-quality educational opportunities to prepare them to be college, career, or job ready when they graduate from high school.
 - D. All high school graduates will have equitable and affordable access to high-quality postsecondary educational opportunities.
2. Establish high expectations for all educators, parents, students and educational institutions.
 - A. Increase the percentage of students who meet the performance standard in all grades tested in reading, writing, and math and reduce the gaps in such percentages among demographic groups.
 - B. See an increase in the overall high school graduation rate and reduce the gaps in such rates among demographic groups.
 - C. Provide an opportunity for all public high school students to take the college entrance exam most commonly used in our state.
 - D. Significantly increase the number of students who meet the college readiness benchmarks in all subject areas set by that college entrance exam.
 - E. Increase the percentage of high school graduates pursuing postsecondary education and reduce the gaps in such percentages among demographic groups.
 - F. Increase the percentage of postsecondary education students who complete their program of study within the expected degree completion period and reduce the gaps in such percentages among demographic groups.
 - G. Create systems of support for parents to assist their children with educational expectations.
3. Create positive, safe, and successful learning environments.
 - A. All school districts and public postsecondary institutions will have safe and secure facilities with positive learning environments.

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- B. All school districts and public postsecondary institutions will have strong policies that prohibit any type of harassment or bullying.
 - C. Support developmentally appropriate continuing education for teachers, instructors, and professors designed to enhance student learning.
4. Develop collaborative educational relationships with the entire community, including individuals, families, businesses, and organizations.
- A. Support alignment of educational programs and experiences with workforce needs.
 - B. Help students and families overcome barriers to education.
 - C. Increase the shared use of facilities and staff.
 - D. Build seamless strategies which align objectives throughout a student's educational career.
 - E. Increase collaborations to bring research-based best practices into educational environments.
 - F. Increase collaboration between education entities and families to enhance opportunities for student development and success.

History of Education Funding from the Lottery in Nebraska

1991

LR 24CA

- Adopted by the Legislature for submission to the voters at the November 1992 general election
- Authorized the Legislature to establish a lottery
- Proceeds to be appropriated for the cost of the lottery and such other purposes as the Legislature may direct
- Legislature authorized to direct proceeds to compensate depositors of bankrupt industrial loan and investment companies until July 1, 1997

LB 849

- Implementing legislation for LR 24CA to be operative following approval by the voters
- 49.5% of proceeds after prizes and expenses to be deposited into the Education Innovation Fund, 49.5% to the Legislative Assistance Fund, and 1% to Gamblers Assistance Fund
 - Legislative Assistance Fund was to be used for one-time expenditures, not to supplement an existing budget, or to finance long-term or ongoing projects
- Governor to award incentive grants from the Education Innovation Fund
- Minigrants to school districts to support the development of local strategic plans
- Major competitive grants to support innovative programs directly related to local strategic plans
 - Recipients could include school districts, teachers or groups of teachers, educational foundations, educational service units, or cooperatives
 - Purposes could include:
 - Development of local strategic plans
 - Educational technology
 - Professional staff development programs
 - Educational accountability programs
 - Alternative programs for students
 - Programs that demonstrate improvement of student performance
 - Early childhood education and parent education
 - Programs using decision-making models that increase involvement of parents, teachers, and students in school management
 - Increased involvement of the community
 - Development of magnet or model programs designed to facilitate desegregation
 - Programs that address family and social issues that impair learning
 - Programs enhancing critical and higher-order thinking
 - Programs which produce the quality of education necessary to guarantee a competitive workforce

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- Programs designed to increase productivity of staff and students through innovative use of time
- Excellence in Education Council to be established by the Governor to make recommendations regarding the selection of projects to be funded

1992

LB 1257

- The Legislative Assistance Fund is replaced in the implementing provisions
 - Through July 1, 1997, 24.5% of the proceeds after prizes and expenses would go to the Solid Waste Landfill Closure Assistance Fund and 25% to the Environmental Trust Fund
 - After July 1, 1997, 49.5% to the Environmental Trust Fund

LR 24CA (1991)

- Approved by the voters in November

1993

LB 138

- Changed and reenacted provisions of LB 849 (1991), as amended by LB 1257 (1992), following the approval of LR 24CA by the voters
- Required school districts to have a strategic plan in place prior to receiving a major competitive grant
- Special consideration for plans including public or private matching funds and cooperative agreements
- Membership defined for the Excellence in Education Council

LB 563

- Replaced “local strategic plans” with “strategic school improvement plans”
- Added training for teachers to work with technology to the allowable purposes for major competitive grants
- Required the Excellence in Education Council to consult with the Department of Education and required the Department to staff the Council

1994

LB 647

- Added programs to serve the educational needs of learners with high ability to the purposes for major competitive grants
 - The measure provided for approved programs for learners with high ability and required the identification of such students

LB 694

- Required rules and regulations to be adopted by the State Board of Education with regard to the selection and administration of grants

LB 1066

- Technical change with regard to investment of lottery funds

1995

LB 275

- Changes regarding compulsive gambler funds

LB 860

- Clarification was added for major competitive grants related to technology
 - A goal was stated for all K-12 systems to have a direct connection to a statewide public computer information network by June 30, 2000
 - Additional funding was provided by crediting repayment of loans from the School Weatherization Fund to a new School Technology Fund
 - ESU's were required to develop a plan to meet the goal and were authorized to use 50% of their existing \$0.005 technology levy for this purpose and to collect fees from districts using their networks

1996

LB 900

- Harmonized existing provisions with the recodification of the education statutes

LB 1069

- Technical changes regarding the operation of the lottery

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1997

LB 118

- Minigrants of up to \$5,000 allowed for same purposes as major competitive grants for school districts with budgets of \$350,000 or less with a curriculum support plan related to the grant

LB 347

- Harmonized lottery provisions with a change in a cross-reference

LB 710

- Harmonized lottery provisions with a change in a cross-reference

LB 865

- Added programs demonstrating improved outcomes through emphasis on prevention and collaborative planning for students with disabilities who receive special education and need support services to the purposes for major competitive grants

1998

LB 924

- Created the Nebraska Information Technology Commission (NITC) and required review by the NITC prior to the awarding of major competitive grants for technology

LB 1228

- Created the Quality Education Accountability Act
 - Incentives for school districts to meet quality factors
 - Primary factors
 - Adopting academic standards
 - Alternative education for expelled students
 - Average score on standard college admission test above the statewide average with at least 60% of seniors taking the test
 - Premier factors
 - Teacher with national certification
 - 30% of teachers with advanced degrees
 - Mentoring for all 1st year teachers
 - Improves drop-out rate or maintains a rate of 4% or less
 - Approved program for high-ability learners

- All primary factors required for incentive and increasing number of premier factors for successive incentives
 - Reduced incentive if 40% or more of the students in poverty and only primary factor not met was the college admission test score
- \$50 per adjusted formula student or \$100 if in the very sparse cost group
- Used only for pilot projects or model programs for the same purposes as major competitive grants
 - Feasibility study for statewide financial reporting system was required
 - Direction was given to begin a statewide assessment program
 - Guidelines and funding for mentor teacher programs was established
 - Administered by the Excellence in Education Council
- Revised the allocation of the Education Innovation Fund
 - Up to 10% for mentor teacher programs
 - Up to 70% for quality education incentives
 - Up to 20% for major competitive grants and minigrants awarded by the Governor

LB 1229

- Harmonized lottery provisions with terminology changes in the measure regarding learners with high-ability

1999

LB 386

- Recognized the addition of a General Fund appropriation of \$6 million over 2 years to assist ESU's with infrastructure and technology training to meet the goal for all K-12 systems to have a direct connection to a statewide public computer information network by June 30, 2000

2000

LB 659

- Added an initial transfer of \$500,000 to the Compulsive Gamblers Assistance Fund to proceed the percentage allocations of lottery proceeds, including the existing 1% allocation to the Compulsive Gamblers Assistance Fund

LB 1243

- Clarified that special education programs include children from birth to 21 for purposes of major competitive grants

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2001

LB 797

- Technical language improvements to the lottery provisions without substantive changes

LB 833

- Up to \$1.5 million each year for 2 years from the Governor's grants allocation diverted to distance education network completion grants
- Language regarding the goal of connecting all districts by June 30, 2000 eliminated

Spec. Sess., LB 3

- First time allocation of the Education Innovation Fund is changed in response to economic circumstances
- For 2001-02 and 2002-03, \$1.5 million each year for distance education network completion grants is maintained while all other uses are eliminated for the 2 years and the remainder of available funds are allocated to the state General Fund
- Beginning with 2003-04:
 - Funds for quality education incentives reduced from 70% to 60%
 - Governor's grants allocation reduced from 20% to 10%
 - Attracting Excellence to Teaching forgivable loan program to receive a new allocation of 20%
 - Mentor teacher allocation continues at 10%

2002

LB 1105

- Harmonize cross-reference change in the recodification of telecommunications and technology statutes

LB 1310

- Transfers an additional \$1.6 million from the Education Innovation Fund to the General Fund within 15 days following July 1, 2002

Second Spec. Sess., LB 1

- Transferred another addition of \$2,018,199 from the Education Innovation Fund to the General Fund within 5 days following August 16, 2002
- For 2003-04 and 2004-05, all educational uses are eliminated and the available funds in the Education Innovation Fund are allocated to the state General Fund

2003

LB 367

- Modified lottery operations

LB 574

- Combined three existing need-based aid programs into the Nebraska Scholarship Act
- Eliminated quality education incentives
- Split the 49.5% allocation to the Education Innovation Fund in half and allocated the other 24.75% to the Nebraska Scholarship Fund
 - This also reduced the amount available to be transferred to the General Fund
- Beginning in 2005-06, allocations from the Education Innovation Fund were modified:
 - Mentor teacher programs went up from 10% to 20% and Attracting Excellence went up from 20% to 40%, which kept both programs at the same level in light of the reduction in the Education Innovation Fund
 - The allocation for the Governor's grants went up from 10% to 40%, which approximately doubled the amount that would be available for the grants
- *Remember: None of these programs had received lottery funds since 2000-01*

2004

LB 1083

- Harmonized modifications regarding compulsive gamblers

LB 1091

- New school district reorganization incentives created for reorganizations between June 1, 2005 and May 31, 2007
- New allocation of \$1 million to the School District Reorganization Fund each year for 2005-06 and 2006-07
- Other allocations for education purposes suspended for two more years and the remainder to be transferred to the state General Fund
- All unobligated balances in the Education Innovation Fund transferred to the state General Fund on July 15, 2005

LR 209CA

- Adopted by the Legislature for submission to the voters at the November 2004 general election and approved by the voters at that election
- Established a constitutional allocation of lottery proceeds after prizes and expenses of:
 - First \$500,000 to the Compulsive Gamblers Assistance Fund
 - 1% to the Compulsive Gamblers Assistance Fund in addition to the \$500,000

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- 44.5% to the Nebraska Environmental Trust Fund
- 44.5% for education as the Legislature may direct
- 10% to the Nebraska State Fair Board upon meeting specified conditions

2005 – No Changes

2006

LB 1208

- Statutory provisions harmonized with the new constitutional language
- Education Innovation Fund allocation reduced to 19.75% from 24.75%
- Nebraska Scholarship Fund maintains 24.75% allocation
- For the Education Innovation Fund
 - The previous direction for \$1 million to the School District Reorganization Fund allocation for 2006-07 is retained
 - The transfer of the remainder from the Education Innovation Fund to the state General Fund for 2006-07 is replaced with the following allocations:
 - \$250,000 to Attracting Excellence to Teaching
 - The remainder to distance education equipment and incentives
 - The allocation for 2007-08 through 2015-16 remain the same except:
 - The transfer to the School District Reorganization Fund does not continue past 2006-07
 - The Attracting Excellence to Teaching allocation increases to \$500,000 for 2007-08, \$750,000 for 2008-09, and \$1 million thereafter
 - The Education Innovation Fund allocations terminate at the end of 2015-16 and the funds are to be allocated for education purposes as provided by the Legislature
 - Provisions regarding the Governor’s grants and the Excellence in Education Council are eliminated

2007

LB 638

- Modified lottery operations

2008 – No Changes

2009

LB 286

- Modified lottery operations

LB 545

- Funding transferred to the Education Innovation Fund from the School District Reorganization Fund is transferred back to the School District Reorganization Fund for a new round of reorganization incentives for reorganizations between June 1, 2009 and May 31, 2011 (\$456,912)

LB 547

- The Attracting Excellence to Teaching forgivable loan program for teacher candidates is included with a new Enhancing Excellence in Teaching forgivable loan program for existing teachers under the Excellence in Teaching Act
- The \$1 million allocation of lottery funds is modified to include both programs

First Spec. Sess., LB 2

- \$10 million transferred from the Education Innovation Fund to the University Cash Fund on December 31, 2009

2010

LB 956

- Lottery provisions harmonized with the renaming of the Nebraska Scholarship Act as the Nebraska Opportunity Grant Act

2011

LB 333

- Implemented budget cutting recommendations from the LR 542 process
- Continued the Attracting Excellence to Teaching program for existing loan recipients, but eliminated funding for new applicants and completely eliminated funding for the Enhancing Excellence in Teaching program for 2011-12 and 2012-13
 - Reduced the allocation for the Excellence in Teaching program from \$1 million to \$225,000 for 2011-12 and \$45,000 for 2012-13
 - Restored the \$1 million per year allocation beginning with 2013-14

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- Transferred funding for programs from the General Fund to the lottery for 2011-12 through 2015-16 as follows:
 - \$3,365,962 for early childhood education grants for 2011-12 and 2012-13 only
 - \$2,175,673 for accelerated or differentiated curriculum programs for 2011-12 and 2012-13, adding basic allowable growth for the remaining years
 - \$491,541 for the student data system for 2011-12, and \$108,136 for 2012-13, adding basic allowable growth for the remaining years
 - \$450,000 for the Center for Student Leadership and Extended Learning for 2011-12 and 2012-13, adding basic allowable growth for the remaining years
 - \$114,629 for multicultural education for 2011-12 and 2012-13, adding basic allowable growth for the remaining years
 - \$123,468 for a teacher certification investigator for 2011-12 and 2012-13, adding basic allowable growth for the remaining years
- The remainder continued to be allocated for distanced education equipment and incentives
- Transferred balance of the School District Reorganization Fund back to the Education Innovation Fund on July 1, 2011 (estimated \$277,700)
- Measure also eliminated the student achievement coordinator

LB 575

- Adopted the Interstate Compact on Educational Opportunity for Military Children
- Allocated \$27,200 of lottery funds for the Compact for 2012-13

LB 637

- Allocated \$160,000 for 2011-12, 2012-13, and 2013-14 for the college admissions test pilot project

2012

LB 1079

- Established bridge programs for adult learners to earn postsecondary education credentials in an expedited manner
- Allocated \$200,000 of lottery funds per year for 2012-13, 2013-14, and 2014-15 for such programs

2013

LB 6

- Modified compulsive gambler provisions

LB 366

- Created the Diploma of High School Equivalency Assistance Act
- One time allocation of \$85,550 in lottery funds for 2013-14 to carry out the Act

LB 495

- Stated an intent to move programs back to General Fund appropriations and eliminated lottery allocations beginning with 2013-14 for:
 - Student information system
 - Center for Student Leadership and Extended Learning
 - Multicultural Education Program
 - Teacher certification investigator
- Allocated \$1,750,000 to early childhood education grants for 2013-14, \$1,850,000 for 2014-15, and \$1,950,000 for 2015-16
- Allocated \$1 million each year for 2013-14, 2014-15, and 2015-16 to the Early Childhood Education Endowment Cash Fund
- Allocated \$10,000 each year for the Interstate Compact on Educational Opportunity for Military Children for 2013-14, 2014-15, and 2015-16
- *Programs were successfully moved back to General Fund appropriations and there was an appropriation for early childhood education grant in addition to the lottery funding*

LB 497

- Directs all lottery proceeds for education to the new Nebraska Education Improvement Fund beginning July 1, 2016, replacing allocations to the Education Innovation Fund and the Nebraska Opportunity Grant Fund and terminating the funds on June 30, 2016
- Prohibits funds received as allocations from the Education Innovation Fund from being obligated for payments to be made after June 30, 2016
- Requires the Education Committee to study potential uses of lottery funds and to report by December 31, 2014
 - Required factors to include in the study are:
 - Educational priorities of the state
 - Types of educational activities suited to lottery funding
 - Whether funds should be used for temporary or ongoing funding
 - Whether periodic reviews should be scheduled

2014

LB 967

- Increased the Excellence in Teaching forgivable loan allocation from \$1.0 to \$1.2 million for 2014-15 and 2015-16
- Reduced the allocation for distance education incentives and equipment down from the remainder to \$2 million for 2014-15 and \$2.5 million for 2015-16 based on estimates

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- Added a \$1 million allocation for reorganization support payments for both years
- Continued the college admissions test pilot project that would have otherwise expired for both years, but reduced the allocation to from \$160,000 to \$145,000 per year
- New allocation of \$335,000 for career education alignment for 2014-15 and any remaining funds for 2015-16
- Clarified that, except for reorganization support and early childhood education funds, any funds that have not been used for their designated purpose on June 30, 2016 will revert to the Nebraska Education Improvement Fund
- Retained \$3 million for the beginning balance in the Nebraska Education Improvement Fund

Constitutional & Statutory Provisions

III-24. Games of chance, lotteries, and gift enterprises; restrictions; parimutuel wagering on horseraces; bingo games; use of state lottery proceeds.

(1) Except as provided in this section, the Legislature shall not authorize any game of chance or any lottery or gift enterprise when the consideration for a chance to participate involves the payment of money for the purchase of property, services, or a chance or admission ticket or requires an expenditure of substantial effort or time.

(2) The Legislature may authorize and regulate a state lottery pursuant to subsection (3) of this section and other lotteries, raffles, and gift enterprises which are intended solely as business promotions or the proceeds of which are to be used solely for charitable or community betterment purposes without profit to the promoter of such lotteries, raffles, or gift enterprises.

(3)(a) The Legislature may establish a lottery to be operated and regulated by the State of Nebraska. The proceeds of the lottery shall be appropriated by the Legislature for the costs of establishing and maintaining the lottery and for the following purposes, as directed by the Legislature:

(i) The first five hundred thousand dollars after the payment of prizes and operating expenses shall be transferred to the Compulsive Gamblers Assistance Fund;

(ii) Forty-four and one-half percent of the money remaining after the payment of prizes and operating expenses and the initial transfer to the Compulsive Gamblers Assistance Fund shall be transferred to the Nebraska Environmental Trust Fund to be used as provided in the Nebraska Environmental Trust Act;

(iii) Forty-four and one-half percent of the money remaining after the payment of prizes and operating expenses and the initial transfer to the Compulsive Gamblers Assistance Fund shall be used for education as the Legislature may direct;

(iv) Ten percent of the money remaining after the payment of prizes and operating expenses and the initial transfer to the Compulsive Gamblers Assistance Fund shall be transferred to the Nebraska State Fair Board if the most populous city within the county in which the fair is located provides matching funds equivalent to ten percent of the funds available for transfer. Such matching funds may be obtained from the city and any other private or public entity, except that no portion of such matching funds shall be provided by the state. If the Nebraska State Fair ceases operations, ten percent of the money remaining after the payment of prizes and operating expenses and the initial transfer to the Compulsive Gamblers Assistance Fund shall be transferred to the General Fund; and

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(v) One percent of the money remaining after the payment of prizes and operating expenses and the initial transfer to the Compulsive Gamblers Assistance Fund shall be transferred to the Compulsive Gamblers Assistance Fund.

(b) No lottery game shall be conducted as part of the lottery unless the type of game has been approved by a majority of the members of the Legislature.

(4) Nothing in this section shall be construed to prohibit (a) the enactment of laws providing for the licensing and regulation of wagering on the results of horseraces, wherever run, either within or outside of the state, by the parimutuel method, when such wagering is conducted by licensees within a licensed racetrack enclosure or (b) the enactment of laws providing for the licensing and regulation of bingo games conducted by nonprofit associations which have been in existence for a period of five years immediately preceding the application for license, except that bingo games cannot be conducted by agents or lessees of such associations on a percentage basis.

Source:Neb. Const. art. III, sec. 21 (1875); Amended 1934, Initiative Measure No. 332; Amended 1958, Initiative Measure No. 302; Amended 1962, Laws 1961, c. 248, sec. 1, p. 735; Amended 1968, Laws 1967, c. 307, sec. 1, p. 832; Amended 1988, Laws 1988, LR 15, sec. 1; Amended 1992, Laws 1991, LR 24CA, sec. 1; Amended 2004, Laws 2004, LR 209CA, sec. 1.

50-425. Education Committee of Legislature; study uses of State Lottery Act proceeds dedicated to education; report.

The Education Committee of the Legislature shall conduct a study of potential uses of the funds dedicated to education from proceeds of the lottery conducted pursuant to the State Lottery Act. The committee shall submit a report electronically on the findings and any recommendations to the Clerk of the Legislature on or before December 31, 2014. Factors the study shall consider, but not be limited to, include:

- (1) The educational priorities of the state;
- (2) What types of educational activities are suited to being funded by state lottery funds as opposed to state general funds;
- (3) Whether state lottery funds should be used for significant projects requiring temporary funding or to sustain ongoing activities; and
- (4) Whether periodic reviews of the use of lottery funds for education should be scheduled.

Source:Laws 2013, LB497, § 3.

9-812. State Lottery Operation Trust Fund; State Lottery Operation Cash Fund; State Lottery Prize Trust Fund; created; transfers; Education Innovation Fund; created; use; investment; Nebraska Education Improvement Fund; created; investment; unclaimed prize money; use.

(1) All money received from the operation of lottery games conducted pursuant to the State Lottery Act in Nebraska shall be credited to the State Lottery Operation Trust Fund, which fund is hereby created. All payments of the costs of establishing and maintaining the lottery games shall be made from the State Lottery Operation Cash Fund. In accordance with legislative appropriations, money for payments for expenses of the division shall be transferred from the State Lottery Operation Trust Fund to the State Lottery Operation Cash Fund, which fund is hereby created. All money necessary for the payment of lottery prizes shall be transferred from the State Lottery Operation Trust Fund to the State Lottery Prize Trust Fund, which fund is hereby created. The amount used for the payment of lottery prizes shall not be less than forty percent of the dollar amount of the lottery tickets which have been sold.

(2) A portion of the dollar amount of the lottery tickets which have been sold on an annualized basis shall be transferred from the State Lottery Operation Trust Fund to the Education Innovation Fund, the Nebraska Opportunity Grant Fund, the Nebraska Education Improvement Fund, the Nebraska Environmental Trust Fund, the Nebraska State Fair Board, and the Compulsive Gamblers Assistance Fund as provided in subsection (3) of this section. The dollar amount transferred pursuant to this subsection shall equal the greater of (a) the dollar amount transferred to the funds in fiscal year 2002-03 or (b) any amount which constitutes at least twenty-two percent and no more than twenty-five percent of the dollar amount of the lottery tickets which have been sold on an annualized basis. To the extent that funds are available, the Tax Commissioner and director may authorize a transfer exceeding twenty-five percent of the dollar amount of the lottery tickets sold on an annualized basis.

(3) Of the money available to be transferred to the Education Innovation Fund, the Nebraska Opportunity Grant Fund, the Nebraska Education Improvement Fund, the Nebraska Environmental Trust Fund, the Nebraska State Fair Board, and the Compulsive Gamblers Assistance Fund:

(a) The first five hundred thousand dollars shall be transferred to the Compulsive Gamblers Assistance Fund to be used as provided in section 9-1006;

(b) Beginning July 1, 2016, forty-four and one-half percent of the money remaining after the payment of prizes and operating expenses and the initial transfer to the Compulsive Gamblers Assistance Fund shall be transferred to the Nebraska Education Improvement Fund;

(c) Through June 30, 2016, nineteen and three-fourths percent of the money remaining after the payment of prizes and operating expenses and the initial transfer to the Compulsive Gamblers Assistance Fund shall be transferred to the Education Innovation Fund;

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(d) Through June 30, 2016, twenty-four and three-fourths percent of the money remaining after the payment of prizes and operating expenses and the initial transfer to the Compulsive Gamblers Assistance Fund shall be transferred to the Nebraska Opportunity Grant Fund;

(e) Forty-four and one-half percent of the money remaining after the payment of prizes and operating expenses and the initial transfer to the Compulsive Gamblers Assistance Fund shall be transferred to the Nebraska Environmental Trust Fund to be used as provided in the Nebraska Environmental Trust Act;

(f) Ten percent of the money remaining after the payment of prizes and operating expenses and the initial transfer to the Compulsive Gamblers Assistance Fund shall be transferred to the Nebraska State Fair Board if the most populous city within the county in which the fair is located provides matching funds equivalent to ten percent of the funds available for transfer. Such matching funds may be obtained from the city and any other private or public entity, except that no portion of such matching funds shall be provided by the state. If the Nebraska State Fair ceases operations, ten percent of the money remaining after the payment of prizes and operating expenses and the initial transfer to the Compulsive Gamblers Assistance Fund shall be transferred to the General Fund; and

(g) One percent of the money remaining after the payment of prizes and operating expenses and the initial transfer to the Compulsive Gamblers Assistance Fund shall be transferred to the Compulsive Gamblers Assistance Fund to be used as provided in section 9-1006.

(4)(a) The Education Innovation Fund is created. At least seventy-five percent of the lottery proceeds allocated to the Education Innovation Fund shall be available for disbursement.

(b) For fiscal year 2013-14, the Education Innovation Fund shall be allocated as follows: (i) The first one million dollars shall be transferred to the Excellence in Teaching Cash Fund to fund the Excellence in Teaching Act; (ii) the next allocation shall be distributed to local systems as grants for approved accelerated or differentiated curriculum programs for students identified as learners with high ability pursuant to section 79-1108.02 in an aggregated amount up to the amount distributed in the prior fiscal year for such purposes increased by the basic allowable growth rate pursuant to section 79-1025; (iii) up to the next one hundred sixty thousand dollars shall be used by the State Department of Education to implement section 79-759; (iv) the next one million seven hundred fifty thousand dollars shall be allocated to early childhood education grants awarded by the department pursuant to section 79-1103; (v) the next one million dollars shall be transferred to the Early Childhood Education Endowment Cash Fund for use pursuant to section 79-1104.02; (vi) the next two hundred thousand dollars shall be used to provide grants to establish bridge programs pursuant to sections 79-1189 to 79-1195; (vii) the next ten thousand dollars shall be used to fund the Interstate Compact on Educational Opportunity for Military Children; (viii) the next eighty-five thousand five hundred fifty dollars shall be allocated to the State Department of Education for distribution pursuant to section 79-2306; and (ix) the amount remaining shall be allocated, after administrative expenses, for distance education equipment and incentives pursuant to sections 79-1336 and 79-1337. No funds received as allocations from the Education Innovation Fund pursuant to this subdivision may be obligated for payment to be made after June 30, 2016.

(c) For fiscal year 2014-15, the Education Innovation Fund shall be allocated, after administrative expenses, as follows: (i) The first one million two hundred thousand dollars shall be transferred to the Excellence in Teaching Cash Fund to fund the Excellence in Teaching Act; (ii) the next allocation shall be distributed to local systems as grants for approved accelerated or differentiated curriculum programs for students identified as learners with high ability pursuant to section 79-1108.02 in an aggregated amount up to the amount distributed in the prior fiscal year for such purposes increased by the basic allowable growth rate pursuant to section 79-1025; (iii) the next one million eight hundred fifty thousand dollars shall be allocated to early childhood education grants awarded by the State Department of Education pursuant to section 79-1103; (iv) the next one million dollars shall be transferred to the Early Childhood Education Endowment Cash Fund for use pursuant to section 79-1104.02; (v) the next two hundred thousand dollars shall be used to provide grants to establish bridge programs pursuant to sections 79-1189 to 79-1195; (vi) the next ten thousand dollars shall be used to fund the Interstate Compact on Educational Opportunity for Military Children; (vii) the next two million dollars shall be allocated for distance education equipment and incentives pursuant to sections 79-1336 and 79-1337; (viii) the next one million dollars shall be transferred to the School District Reorganization Fund; (ix) up to the next one hundred forty-five thousand dollars shall be used by the State Department of Education to implement section 79-759; and (x) the next three hundred thirty-five thousand dollars shall be allocated to local systems as grants awarded by the State Department of Education to assist schools in evaluating and improving career education programs to align such programs with the state's economic and workforce needs. Except for funds transferred to the School District Reorganization Fund, the Early Childhood Education Endowment Cash Fund, or the department for early childhood education grants pursuant to section 79-1103, no funds received as allocations from the Education Innovation Fund pursuant to this subdivision may be obligated for payment to be made after June 30, 2016, and such funds received as transfers or allocations from the Education Innovation Fund that have not been used for their designated purpose as of such date shall be transferred to the Nebraska Education Improvement Fund on or before August 1, 2016.

(d) For fiscal year 2015-16, the Education Innovation Fund shall be allocated, after administrative expenses, as follows: (i) The first one million two hundred thousand dollars shall be transferred to the Excellence in Teaching Cash Fund to fund the Excellence in Teaching Act; (ii) the next allocation shall be distributed to local systems as grants for approved accelerated or differentiated curriculum programs for students identified as learners with high ability pursuant to section 79-1108.02 in an aggregated amount up to the amount distributed in the prior fiscal year for such purposes increased by the basic allowable growth rate pursuant to section 79-1025; (iii) the next one million nine hundred fifty thousand dollars shall be allocated to early childhood education grants awarded by the State Department of Education pursuant to section 79-1103; (iv) the next one million dollars shall be transferred to the Early Childhood Education Endowment Cash Fund for use pursuant to section 79-1104.02; (v) the next ten thousand dollars shall be used to fund the Interstate Compact on Educational Opportunity for Military Children; (vi) the next two million five hundred thousand dollars shall be allocated for distance education equipment and incentives pursuant to sections 79-1336 and 79-1337; (vii) the next one million dollars shall be transferred to the School District Reorganization Fund; (viii) up to the next one hundred forty-five thousand dollars shall be used by the State Department of Education to implement section 79-759; and (ix) of the amount remaining, (A) three million dollars shall be retained in the Education Innovation Fund to transfer to the Nebraska Education Improvement Fund on June 30, 2016, and

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(B) the remaining amount shall be allocated to local systems as grants awarded by the State Department of Education to assist schools in evaluating and improving career education programs to align such programs with the state's economic and workforce needs. Except for funds transferred to the School District Reorganization Fund, the Early Childhood Education Endowment Cash Fund, or the department for early childhood education grants pursuant to section 79-1103, no funds received as allocations from the Education Innovation Fund pursuant to this subdivision may be obligated for payment to be made after June 30, 2016, and such funds received as transfers or allocations from the Education Innovation Fund that have not been used for their designated purpose as of such date shall be transferred to the Nebraska Education Improvement Fund on or before August 1, 2016.

(e) The Education Innovation Fund terminates on June 30, 2016. Any money in the fund on such date shall be transferred to the Nebraska Education Improvement Fund on such date.

(5) The Nebraska Education Improvement Fund is created. The fund shall consist of money transferred pursuant to subsections (3) and (4) of this section, money transferred pursuant to section 85-1920, and any other funds appropriated by the Legislature. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(6) Any money in the State Lottery Operation Trust Fund, the State Lottery Operation Cash Fund, the State Lottery Prize Trust Fund, or the Education Innovation Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(7) Unclaimed prize money on a winning lottery ticket shall be retained for a period of time prescribed by rules and regulations. If no claim is made within such period, the prize money shall be used at the discretion of the Tax Commissioner for any of the purposes prescribed in this section.

Source:Laws 1991, LB 849, § 12; Laws 1992, LB 1257, § 57; Laws 1993, LB 138, § 28; Laws 1993, LB 563, § 24; Laws 1994, LB 647, § 5; Laws 1994, LB 694, § 119; Laws 1994, LB 1066, § 11; Laws 1995, LB 275, § 1; Laws 1995, LB 860, § 1; Laws 1996, LB 900, § 1015; Laws 1996, LB 1069, § 1; Laws 1997, LB 118, § 1; Laws 1997, LB 347, § 1; Laws 1997, LB 710, § 1; Laws 1997, LB 865, § 1; Laws 1998, LB 924, § 16; Laws 1998, LB 1228, § 7; Laws 1998, LB 1229, § 1; Laws 1999, LB 386, § 1; Laws 2000, LB 659, § 2; Laws 2000, LB 1243, § 1; Laws 2001, LB 797, § 1; Laws 2001, LB 833, § 1; Laws 2001, Spec. Sess., LB 3, § 1; Laws 2002, LB 1105, § 418; Laws 2002, LB 1310, § 3; Laws 2002, Second Spec. Sess., LB 1, § 1; Laws 2003, LB 367, § 1; Laws 2003, LB 574, § 21; Laws 2004, LB 1083, § 83; Laws 2004, LB 1091, § 1; Laws 2006, LB 1208, § 1; Laws 2007, LB638, § 16; Laws 2009, LB286, § 4; Laws 2009, LB545, § 1; Laws 2009, LB547, § 1; Laws 2009, First Spec. Sess., LB2, § 1; Laws 2010, LB956, § 1; Laws 2011, LB333, § 1; Laws 2011, LB575, § 7; Laws 2011, LB637, § 22; Laws 2012, LB1079, § 9; Laws 2013, LB6, § 9; Laws 2013, LB366, § 8; Laws 2013, LB495, § 1; Laws 2013, LB497, § 1; Laws 2014, LB967, § 2.

Effective Date: April 3, 2014

Historical Data

Distribution of Lottery Proceeds

Distribution of Lottery Proceeds - % of Total *

	Education Innovation Fund	Nebr Opportunity Grant Fund	Nebr Education Improvement	Subtotal Education Related	Environment Trust Fund	Solid Waste Landfill Closure	Subtotal Environment Related	State Fair Board	Compulsive Gamblers	Total Distribution
FY 1993-94 (1)	49.50%	--	--	49.50%	25.00%	24.50%	49.50%	--	1.00%	100.00%
FY 1994-95	49.50%	--	--	49.50%	25.00%	24.50%	49.50%	--	1.00%	100.00%
FY 1995-96	49.50%	--	--	49.50%	25.00%	24.50%	49.50%	--	1.00%	100.00%
FY 1996-97	49.50%	--	--	49.50%	25.00%	24.50%	49.50%	--	1.00%	100.00%
FY 1997-98	49.50%	--	--	49.50%	49.50%	--	49.50%	--	1.00%	100.00%
FY 1998-99	49.50%	--	--	49.50%	49.50%	--	49.50%	--	1.00%	100.00%
FY 1999-00	49.50%	--	--	49.50%	49.50%	--	49.50%	--	1.00%	100.00%
FY 2000-01	49.50%	--	--	49.50%	49.50%	--	49.50%	--	1.00%	100.00%
FY 2001-02	49.50%	--	--	49.50%	49.50%	--	49.50%	--	1.00%	100.00%
FY 2002-03	49.50%	--	--	49.50%	49.50%	--	49.50%	--	1.00%	100.00%
FY 2003-04	24.75%	24.75%	--	49.50%	49.50%	--	49.50%	--	1.00%	100.00%
FY 2004-05 (2)	22.25%	22.25%	--	44.50%	44.50%	--	44.50%	10.00%	1.00%	100.00%
FY 2005-06	22.25%	22.25%	--	44.50%	44.50%	--	44.50%	10.00%	1.00%	100.00%
FY 2006-07	19.75%	24.75%	--	44.50%	44.50%	--	44.50%	10.00%	1.00%	100.00%
FY 2007-08	19.75%	24.75%	--	44.50%	44.50%	--	44.50%	10.00%	1.00%	100.00%
FY 2008-09	19.75%	24.75%	--	44.50%	44.50%	--	44.50%	10.00%	1.00%	100.00%
FY 2009-10	19.75%	24.75%	--	44.50%	44.50%	--	44.50%	10.00%	1.00%	100.00%
FY 2010-11	19.75%	24.75%	--	44.50%	44.50%	--	44.50%	10.00%	1.00%	100.00%
FY 2011-12	19.75%	24.75%	--	44.50%	44.50%	--	44.50%	10.00%	1.00%	100.00%
FY2012-13	19.75%	24.75%	--	44.50%	44.50%	--	44.50%	10.00%	1.00%	100.00%
FY2013-14	19.75%	24.75%	--	44.50%	44.50%	--	44.50%	10.00%	1.00%	100.00%
FY2014-15	19.75%	24.75%	--	44.50%	44.50%	--	44.50%	10.00%	1.00%	100.00%
FY2015-16	19.75%	24.75%	--	44.50%	44.50%	--	44.50%	10.00%	1.00%	100.00%
FY2016-17	--	--	44.50%	44.50%	44.50%	--	44.50%	10.00%	1.00%	100.00%

* % share is the distribution after prizes, operating costs, and fixed amount to Compulsive Gamblers fund

Distribution of Lottery Proceeds – Actual \$ Amounts

	Education Innovation Fund	Nebr Opportunity Grant Fund	Nebr Education Improvement	Subtotal Education Related	Environment Trust Fund	Solid Waste Landfill Closure	Subtotal Environment Related	State Fair Board	Compulsive Gamblers	Total Distribution
FY 1993-94 (1)	5,411,246	0	--	5,411,246	1,919,389	1,881,002	3,800,391	0	109,318	9,320,955
FY 1994-95	9,557,545	0	--	9,557,545	4,827,042	4,730,502	9,557,544	0	193,081	19,308,170
FY 1995-96	10,140,720	0	--	10,140,720	5,121,576	5,019,144	10,140,720	0	204,864	20,486,304
FY 1996-97	11,564,877	0	--	11,564,877	5,840,847	5,724,029	11,564,876	0	233,634	23,363,387
FY 1997-98	9,276,529	0	--	9,276,529	8,967,503	309,027	9,276,530	0	187,404	18,740,463
FY 1998-99	8,702,608	0	--	8,702,608	8,702,607	0	8,702,607	0	175,811	17,581,026
FY 1999-00	8,854,331	0	--	8,854,331	8,854,332	0	8,854,332	0	178,875	17,887,538
FY 2000-01	7,967,717	0	--	7,967,717	7,967,716	0	7,967,716	0	160,964	16,096,397
FY 2001-02	8,779,297	0	--	8,779,297	8,779,296	0	8,779,296	0	677,360	18,235,953
FY 2002-03	9,701,339	0	--	9,701,339	9,701,339	0	9,701,339	0	695,986	20,098,664
FY 2003-04	5,283,669	4,768,764	--	10,052,433	10,052,433	0	10,052,433	0	703,079	20,807,945
FY 2004-05 (2)	5,100,683	5,100,683	--	10,201,366	10,201,368	0	10,201,368	1,075,788	716,956	22,195,478
FY 2005-06	6,030,172	6,030,172	--	12,060,344	12,060,343	0	12,060,343	2,710,190	771,018	27,601,895
FY 2006-07	5,681,329	7,119,639	--	12,800,968	12,800,967	0	12,800,967	2,876,621	787,663	29,266,219
FY 2007-08	6,025,386	7,550,800	--	13,576,186	13,576,185	0	13,576,185	3,050,828	805,082	31,008,281
FY 2008-09	5,874,662	7,361,917	--	13,236,579	13,236,577	0	13,236,577	2,974,511	797,451	30,245,118
FY 2009-10	6,221,304	7,796,317	--	14,017,621	14,017,621	0	14,017,621	3,150,028	815,004	32,000,274
FY 2010-11	6,232,177	7,809,943	--	14,042,120	14,042,121	0	14,042,121	3,155,534	815,553	32,055,328
FY2011-12	7,026,075	8,804,828	--	15,830,903	15,830,904	0	15,830,904	3,557,507	856,750	36,075,064
FY2012-13	7,804,154	9,779,888	--	17,584,042	17,584,042	0	17,584,042	3,951,471	895,146	40,014,701
FY2013-14	7,406,268	9,281,273	--	16,687,541	16,687,541	0	16,687,541	3,750,009	875,001	38,000,092
FY2014-15										
FY2015-16										
FY2016-17										

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Education Innovation Fund Allocations

Education Innovation Fund*										
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Est.	Est.
Beginning Balance	11,343	4,483,167	10,238,693	11,603,387	5,925,517	9,247,733	9,795,008	8,805,722	6,973,275	3,231,455
Revenue:										
Lottery funds	5,681,329	6,025,386	4,719,694	7,376,273	6,232,177	7,026,075	7,804,154	7,420,923	7,420,923	7,420,923
Interest Income	46,103	291,243	433,876	257,342	179,993	205,892	158,993	102,125	88,057	32,315
Transfers out**	-1,250,000	-500,000	-750,000	-1,000,000	-1,000,000	-225,000	-45,000	-1,000,000	-1,200,000	-1,200,000
Transfer from Reorg. Fund	0	0	0	0	0	286,316	0	0	0	0
Total Revenue	4,477,432	5,816,629	4,403,570	6,633,615	5,412,170	7,293,283	7,918,147	6,523,048	6,308,980	6,253,238
Expenditures:										
Operations	5,608	21,103	37,823	85,445	87,858	67,404	72,545	181,255	108,984	111,709
Distance Ed. Incentives/Equipment	0	40,000	3,001,053	2,226,040	2,002,096	1,884,051	2,168,451	2,314,405	1,530,000	1,591,200
High Ability Learner Aid (LB 333)						2,175,673	2,175,673	2,230,065	2,285,816	2,342,962
Career Ed. Leadership Ctr. (LB 333)						450,000	459,174			
Early Childhood Grants (LB 333)						1,658,152	3,423,668	2,267,982	1,850,000	1,950,000
Student Info. System (LB 333)						283,200	226,253			
Certification Investigations (LB 333)						114,515	117,609			
Multicultural Education (LB 333)						113,013	115,657			
Military Child. Compact (LB 575/495)							8,410	4,614	10,000	10,000
ACT Pilot Project (LB 637/LB 835)							119,741	150,090	145,000	145,000
Bridge Programs (LB 1079)							20,252	207,084	200,000	
Early Childhood Endowment (LB 495)								1,000,000	1,000,000	1,000,000
Adult Education (LB 366)								0		
Reorganization (LB 967)									1,000,000	1,000,000
Career Ed. Programs (LB 754)									335,000	344,503
Total Expenditures	5,608	61,103	3,038,876	2,311,485	2,089,954	6,746,008	8,907,433	8,355,495	8,464,800	8,495,374
Transfer to University of Nebr. CF				10,000,000						
Est. Carryover Expenditures									1,586,000	
Transfer to Ed .Improvement Fund										989,319
Ending Balance	\$4,483,167	\$10,238,693	\$11,603,387	\$5,925,517	\$9,247,733	\$9,795,008	\$8,805,722	\$6,973,275	\$3,231,455	\$0
*Distribution as per Section 9-812										
**Transfer to Excellence in Teaching Cash Fund for the Excellence in Teaching Act Loan Programs										

Nebraska Opportunity Grant Allocations

2014-15 Allocations for Students Attending:	
UNIVERSITY OF NEBRASKA:	
Kearney	\$1,046,159
Lincoln	\$3,258,798
Medical Center	\$156,008
Omaha	\$2,754,799
NCTA	\$40,247
STATE COLLEGES:	
Chadron	\$308,616
Peru	\$242,304
Wayne	\$632,044
COMMUNITY COLLEGES:	
Central	\$405,729
Metropolitan	\$1,090,365
Mid-Plains	\$149,839
Northeast	\$362,323
Southeast	\$923,831
Western Nebraska	\$135,733
PRIVATE CAREER COLLEGES:	
Capitol School of Hairstyling	\$59,035
College of Hair Design	\$73,214
Creative Center	\$24,021
ITT Educational Services, Inc.	\$204,207
Joseph's Colleges of Beauty	\$125,416
Kaplan University - Lincoln	\$345,221
Kaplan University - Omaha	\$406,044
La'James College	\$18,887
National American University	\$141,326
Omaha School of Massage and Health Care	\$35,463
Vatterott College	\$230,543
Xenon International School of Hair	\$139,823
INDEPENDENT COLLEGES:	
Bellevue University	\$571,989
Bryan College of Health Sciences	\$117,616
Clarkson College	\$180,289
College of Saint Mary	\$181,641
Concordia University	\$129,263
Creighton University	\$251,990
Doane College	\$451,657
Grace University	\$75,514
Hastings College	\$193,986
Little Priest Tribal College	\$20,397
Midland University	\$298,087
Nebraska Christian College	\$36,006
Nebraska Methodist College	\$156,980
Nebraska Wesleyan University	\$367,115
Union College	\$62,984
York College	\$62,647
GRAND TOTALS:	\$16,468,156

2014-15		
	Dollars	Percent
UN	\$7,256,011	44.1%
State	\$1,182,964	7.2%
CC	\$3,067,820	18.6%
Priv	\$1,803,200	10.9%
Ind	\$3,158,161	19.2%
Total	\$16,468,156	100.0%
	Dollars	Percent
Public	\$11,506,795	69.9%
Private	\$4,961,361	30.1%
Total	\$16,468,156	100.0%

2013-14		
	Dollars	Percent
UN	\$7,026,919	42.7%
State	\$1,109,418	6.7%
CC	\$3,187,642	19.4%
Priv	\$1,985,779	12.1%
Ind	\$3,138,286	19.1%
Total	\$16,448,044	100.0%
	Dollars	Percent
Public	\$11,323,979	68.8%
Private	\$5,124,065	31.2%
Total	\$16,448,044	100.0%

2012-13		
	Dollars	Percent
UN	\$6,633,642	43.6%
State	\$987,719	6.5%
CC	\$2,668,007	17.5%
Priv	\$1,915,261	12.6%
Ind	\$3,018,355	19.8%
Total	\$15,222,984	100.0%
	Dollars	Percent
Public	\$10,289,368	67.6%
Private	\$4,933,616	32.4%
Total	\$15,222,984	100.0%

2011-12		
	Dollars	Percent
UN	\$5,810,137	39.4%
State	\$923,198	6.3%
CC	\$2,787,113	18.9%
Priv	\$2,419,700	16.4%
Ind	\$2,787,951	18.9%
Total	\$14,728,099	100.0%
	Dollars	Percent
Public	\$9,520,448	64.6%
Private	\$5,207,651	35.4%
Total	\$14,728,099	100.0%

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2010-11

	Dollars	Percent
UN	\$5,747,492	38.4%
State	\$1,037,024	6.9%
CC	\$2,805,202	18.7%
Priv	\$2,451,469	16.4%
Ind	\$2,943,720	19.6%
Total	\$14,984,907	100.0%
	Dollars	Percent
Public	\$9,589,718	64.0%
Private	\$5,395,189	36.0%
Total	\$14,984,907	100.0%

2009-10

	Dollars	Percent
UN	\$5,310,772	37.5%
State	\$1,050,714	7.4%
CC	\$2,417,967	17.1%
Priv	\$2,622,400	18.5%
Ind	\$2,743,627	19.4%
Total	\$14,145,480	100.0%
	Dollars	Percent
Public	\$8,779,453	62.1%
Private	\$5,366,027	37.9%
Total	\$14,145,480	100.0%

2008-09

	Dollars	Percent
UN	\$4,933,679	38.8%
State	\$950,136	7.5%
Comm	\$2,044,908	16.1%
Priv	\$2,193,087	17.3%
Ind	\$2,588,115	20.4%
Total	\$12,709,925	100.0%
	Dollars	Percent
Public	\$7,928,723	62.4%
Private	\$4,781,202	37.6%
Total	\$12,709,925	100.0%

2007-08

	Dollars	Percent
UN	\$4,751,381	38.3%
State	\$944,640	7.6%
Comm	\$2,027,431	16.3%
Priv	\$2,229,853	18.0%
Ind	\$2,463,599	19.8%
Total	\$12,416,904	100.0%
	Dollars	Percent
Public	\$7,723,452	62.2%
Private	\$4,693,452	37.8%
Total	\$12,416,904	100.0%

2006-07

	Dollars	Percent
UN	\$4,001,490	38.7%
State	\$831,656	8.0%
Comm	\$1,653,096	16.0%
Priv	\$1,923,959	18.6%
Ind	\$1,935,529	18.7%
Total	\$10,345,730	100.0%
	Dollars	Percent
Public	\$6,486,242	62.7%
Private	\$3,859,488	37.3%
Total	\$10,345,730	100.0%

2005-06

	Dollars	Percent
UN	\$3,783,872	37.9%
State	\$751,125	7.5%
Comm	\$1,538,026	15.4%
Priv	\$1,657,353	16.6%
Ind	\$2,260,037	22.6%
Total	\$9,990,413	100.0%
	Dollars	Percent
Public	\$6,073,023	60.8%
Private	\$3,917,390	39.2%
Total	\$9,990,413	100.0%

2004-05

	Dollars	Percent
UN	\$2,979,570	35.6%
State	\$625,268	7.5%
Comm	\$1,212,454	14.5%
Priv	\$1,305,742	15.6%
Ind	\$2,246,249	26.8%
Total	\$8,369,283	100.0%
	Dollars	Percent
Public	\$4,817,292	57.6%
Private	\$3,551,991	42.4%
Total	\$8,369,283	100.0%

2003-04

	Dollars	Percent
UN	\$3,098,263	35.3%
State	\$614,328	7.0%
Comm	\$1,213,109	13.8%
Priv	\$1,327,900	15.1%
Ind	\$2,523,052	28.8%
Total	\$8,776,652	100.0%
	Dollars	Percent
Public	\$4,925,700	56.1%
Private	\$3,850,952	43.9%
Total	\$8,776,652	100.0%

Budget Requests for Lottery Funded Programs - NDE

Requested Shift from Lottery Funds to General Funds

	FY 2014-15 Estimated Lottery Expenditures	FY 2015-16 Estimated Lottery Expenditures	FY 2016-17 NDE Request - Shift to General Funds
Expenditures:			
Operations	108,984	111,709	70,179
Excellence in Teaching Loan Programs	1,200,000	1,200,000	1,200,000
Distance Ed. Incentives/Equipment	1,530,000	1,591,200	0
High Ability Learner Aid (LB 333)	2,285,816	2,342,962	6,000,000
Early Childhood Grants (LB 333)	1,850,000	1,950,000	1,950,000
Military Child. Compact (LB 575/495)	10,000	10,000	10,000
ACT Pilot Project (LB 637/LB 835)*	145,000	145,000	0
Bridge Programs (LB 1079) **	200,000	0	400,000
Early Childhood Endowment (LB 495)	1,000,000	1,000,000	1,000,000
Reorganization (LB 967)	1,000,000	1,000,000	0
Career Ed. Programs (LB 754)	<u>335,000</u>	<u>344,503</u>	<u>500,000</u>
Total Expenditures	\$9,664,800	\$9,695,374	\$11,130,179
Estimated Carryover Expenditures	\$1,586,000		
Transfer to Ed. Improvement Fund		\$989,319	

*NDE is waiting to see the results of the ACT Pilot Project Study prior to making a request

**NDE is also requesting \$400,000 of general funds for Bridge Programs in FY 2015-16

Budget Requests for Lottery Funded Programs - CCPE

AGENCY 48 - COORDINATING COMMISSION
PROGRAM 690 - NEBRASKA OPPORTUNITY GRANT PROGRAM

	<u>APPROPRIATIONS (a)</u>		<u>REQUEST</u>	
	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
General Fund	6,668,156	6,868,156	7,868,156	18,868,156
Cash Fund (b)	10,000,000	10,000,000	10,000,000	0
Total	16,668,156	16,868,156	17,868,156	18,868,156

- (a) Per LB195 [2013] Sec. 169 and LB905 [2014] Sec. 67
(b) Nebraska Opportunity Grant Fund (lottery proceeds)
(c) Assumes existing provisions of Sec. 85-1920, i.e. Nebraska Opportunity Grant Fund terminates 6/30/2016 and any money in the fund on such date transferred to Nebraska Education Improvement Fund.

Testifiers at November 19th Public Hearing

November 19, 2014 – Lincoln with Remote Sites in Broken Bow and Alliance

Name	Organization Representing	Location
John Stritt	ESU 10	Broken Bow
John Spatz	Nebraska Association of School Boards	Lincoln
BJ Peters	ESU 13	Alliance
Craig Munier	University of Nebraska	Lincoln
Eliu Paopao	Chadron Public Schools	Alliance
Nolan Beyer	Millard Public Schools	Lincoln
Sheila Johns	Western Nebraska Community College	Alliance
Vicki Kucera	Central Community College	Lincoln
Timothy Cody	Minatare Public Schools	Alliance
Mark Leonard	Nebraska Educational Telecommunications	Lincoln
Jen Goettemoeller	First Five Nebraska	Lincoln
Linda Dickeson	Lincoln Public Schools	Lincoln
Lana Sides	Banner County Schools	Lincoln
Jay Sears	Nebraska State Education Association	Lincoln
Madigan Brodsky	Self	Lincoln
Mary Niemiec	University of Nebraska	Lincoln
Jeff Cole	Beyond School Bells	Lincoln
Roger Breed	Greater Nebraska Schools Association	Lincoln
DeKyah Rosemond	Self	Lincoln
Korinne Tande	Nebraska State College System	Lincoln
Thomas Perlinski	Bayard Public Schools	Lincoln
Carrie Urban	Distance Learning Classes	Lincoln
Mandi Adams	Self	Lincoln
Nicole Everingham	Collective for Youth	Lincoln
Elisha Lewis	Self	Lincoln
Kurth Brashear	Concordia University	Lincoln
Mike Baumgartner	Coordinating Comm. for Postsecondary Education	Lincoln
John Thomsen	Nebraska Association for the Gifted	Lincoln
Deanna Moisset	Nebraska Association for the Gifted	Lincoln
Brian Halstead	Nebraska Department of Education	Lincoln

Background Resources

The following resources were available to Committee members during their deliberations:

- ECS State Notes – Lottery Information by State (2006)
<http://www.ecs.org/clearinghouse/57/32/5732.htm>
- ABC News: Where Does Lottery Revenue Go?
<http://abcnews.go.com/US/story?id=92598>
- Illinois – Where does the Lottery Money Go?
<http://www.iasb.com/pdf/lottery.pdf>
- Law Summary: Distribution of Colorado Lottery Proceeds
http://tornado.state.co.us/gov_dir/leg_dir/olls/PDF/LOTTERY%20FUND%20DISTRIBUTION.pdf
- Division of NC lottery proceeds dilutes impact
http://www.wral.com/news/local/wral_investigates/story/9146669/
- Report on unintended consequences of lottery-based scholarships and how to fix them (Inside Higher Ed – 9/4/14)
<https://www.insidehighered.com/news/2014/09/04/report-unintended-consequences-lottery-based-scholarships-and-how-fix-them>
- Georgia's HOPE Program
<http://www.gsfc.org/gsfnew/HopeProgram.cfm>
- Mega Millions: Do lotteries really benefit public schools? (Washington Post)
http://www.washingtonpost.com/blogs/answer-sheet/post/mega-millions-do-lotteries-really-benefit-public-schools/2012/03/30/gIQAbTUNIS_blog.html
- Does Earmarking Matter? The Case of State Lottery Profits and Educational Spending (Stanford Institute for Economic Policy Research) – Abstract Provided to the Committee
<http://www-siepr.stanford.edu/papers/pdf/02-19.pdf>
- The Impact of Lotteries on State Education Expenditures: Does Earmarking Matter? (Oklahoma State University) – Abstract Provided to the Committee
<http://journal.srsa.org/ojs/index.php/RRS/article/view/148>

